



TRANSFORMATION TRENDS—2 SEPTEMBER ISSUE

"We still have an acquisition system that takes years and years and years... We have a budgeting process that takes forever. We have any number of things that are too slow, too sluggish, not agile enough, not fast enough. And so I have been focusing very hard, as the president has, on attempting to find ways...to allow us to change: find ways to get this institution, the contractor community, functioning in a way that reflects the 21st century instead of the 20th century."

Donald Rumsfeld, Secretary of Defense

Defense Trends:

JFCOM Transformation Catalyst—The mission of the experimentation directorate at Joint Forces Command is "to be a catalyst for transformational change for the nation's armed forces," according to the directorate's new head Army Maj. Gen. James Dubik. In his first "eX-gram," Dubik said his goals are to innovate: go beyond current wisdom and comfort zones in generating new ideas and concepts; collaborate: in terms of working with other "centers of transformational activity;" and translate: ensure that concepts get turned into reality. "If you find a calm, comfortable transformational activity, be suspicious. We simply cannot separate excitement and anxiety from change," Dubik said.

Venture Capital Transformation—With interest growing in how DoD can gain access to cutting edge technologies that might never come through the Pentagon's official procurement system, a California-based venture capital group intends to hold a forum in late-September where interested companies and entrepreneurs can present their latest innovations and technologies to DoD entities and other potential investors. The event is being promoted by Tech Coast Angels and will be tentatively scheduled to take place on 24 September in Orange County, California.

Transforming to What?—Land warfare is central to joint warfare today, given the overwhelming superiority the United States has in air and naval forces, Doug McGregor argues in a draft chapter of a forthcoming book on transformation. But Army

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transformation is not seeking to address this altered strategic reality, according to McGregor. "It is time to stop tinkering on the margins of the old Army and transform today's Army into a new information age force through badly needed reform and reorganization," the author said.

Information Role in Transformation—While information is considered the linchpin in American transformation efforts "the pursuit of this edge has not been pragmatically or programmatically factored into transformation discussions," according to a paper by Robert Tomes and Keith Masback of RAND. Too much discussion is still devoted to platforms and weapon systems as a result of archaic budgeting and programming processes, and there is little understanding of the relative value that investing in information brings to the force. "The goal of achieving a network centric force is unachievable without greater emphasis on the information and knowledge capabilities that have traditionally assigned a supporting role and given less priority than weapons programs in acquisition circles."

GAO Assesses Transformation Pace— Only three recommendations for change have emerged from the Pentagon's Joint Experimentation Program in four years, and none of the proposals have yet to be implemented, according to a new GAO report. The report recommends that the chairman develop clear guidance on joint experimentation recommendations; require Joint Forces Command to develop new planning tools to assess the progress of joint experimentation; the secretary of defense should "clarify" the role of the Office of Force Transformation and its relationship with the chairman, Joint Forces Command "and other key DoD stakeholders."

Navy Transformation Dangers—The pace of Navy transformation could slow markedly, given rising costs in non-combat areas, if the service cannot find other ways to free-up resources, says Navy Secretary Gordon England. For example, \$6 billion of the service's \$17 billion increase this year is consumed by accounting changes for future retirement and health care costs. Retiring ships early and jettisoning marginal weapon systems will net the service \$1 billion a year that will be "dedicated to the transformational capabilities we have identified as essential to future warfighting," England said in his letter to Rumsfeld that accompanies the service's 2004 budget.

Northrop/HDW Eye Ship Venture—A proposed joint venture between Northrop Grumman and Germany's HDW could impact the U.S. Littoral Combat Ship program, according to AMI International's *Hot News*. HDW owns the Swedish firm Kockums, which had developed and built the stealthy Visby corvette. The innovative composite foam core sandwich construction technique could give Northrop Grumman an advantage in the forthcoming LCS competition in the United States, according to AMI's analysis.



Commercial Trends:

China's Surging Biotech—Buoyed by 300,000 overseas trained scientists, China's biotechnology industry is booming, according to an article in *Fortune* magazine. While a true biotech industry is probably more than a decade away, China is making impressive gains, according to the article. The government plans to boost funding for ag-biotech to \$500 million a year by 2005. Still many obstacles in terms of patent protections, licensing, and other infrastructure must still be developed.

Nanotechnology and Business—Almost every business will be impacted by breakthroughs in nanotechnology in coming years, according to an assessment by Accenture. Applications in the areas of nanosystems, nanomaterials, and nanoelectronics are envisioned. Fueling the nanotechnology drive is the convergence of advances in biotechnology, engineering and information technology. The manufacturing, medicine, computing and energy fields are most expected to be impacted by the technology.

Managing the Deviant Edge—Companies are pulled by positive and negative deviance and those that are most innovative can harness positive deviance as a form of transformation, according to *The Deviant's Advantage: How Fringe Ideas Create Mass Markets*, that was reviewed by the *New York Times*. Language plays a critical role in innovative firms with companies like Intel and McDonald's leading the way. Overall, the approach contained within the *Deviant's Advantage* is to help "top management break out of isolation," according to the review.

Chrysler Pushes Collaborative Design—Under its Fast-Car program, Chrysler Corp. is attempting to tie together disparate information centers within the company so that the "ripple effects" of changes in design can be seen in production, purchasing and engineering, according to a recent *Business Week* article. Under Fast-Car issues that were treated as separate questions in different organizations can now be immediately addressed, according to Karenann Terrell, who runs the company's e-business strategy. That saves time and money.

NOTE: Transformation Trends is provided as a means to highlight new and emerging issues in defense and commercial realms to key decision-makers and in no way constitutes endorsement or official recognition of any idea, concept or program.